



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RECEIVED
FEDERAL ELECTION
COMMISSION

2010 OCT 21 PM 3: 50

CELA

October 21, 2010

BY HAND DELIVERY

SENSITIVE

Christopher DeLacy, Esq.
Holland & Knight
2099 Penn Ave., N.W., Suite 100
Washington, D.C. 20006
chris.delacy@hklaw.com

William J. McGinley, Esq.
Patton Boggs LLP
2550 M Street, Northwest
Washington, DC 20037
WMcGinley@PattonBoggs.com

2010 OCT 25 P 5: 09

FEDERAL ELECTION
COMMISSION
SECRETARIAT

RE: MUR 6054
Vernon G. Buchanan
Vern Buchanan for Congress and
Joseph Gruters, his official capacity as
treasurer

Dear Messrs. DeLacy and McGinley:

Based on a complaint filed with the Federal Election Commission on August 19, 2008, information that the Commission ascertained in the normal course of carrying out its supervisory responsibilities, and information supplied by Vern Buchanan for Congress and Joseph Gruters, in his official capacity as treasurer, the Commission, on March 17, 2010, found that there was reason to believe that your clients, knowingly and willfully violated 2 U.S.C. §§ 441f and 441a(f), and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that knowing and willful violations have occurred.

The Commission may or may not approve the General Counsel's recommendation. Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within 15 days of your receipt of this notice, you may file with the Secretary of the Commission a brief (ten copies if possible) stating your position on the issues and replying to the brief of the General Counsel. Three copies of such brief should also be forwarded to the Office of the General Counsel, if possible. The General Counsel's brief and any

12044311180

Christopher DeLacy, Esq.
William J. McGinley, Esq.
Page 2

brief that you may submit will be considered by the Commission before proceeding to a vote on whether there is probable cause to believe a violation has occurred.

If you are unable to file a responsive brief within 15 days, you may submit a written request for an extension of time. All requests for extensions of time must be submitted in writing five days prior to the due date, good cause must be demonstrated, and the execution of an appropriate tolling agreement will be required. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

You may also request an oral hearing before the Commission. See "Procedural Rules for Probable Cause Hearings," 72 Fed. Reg. 64919 (Nov. 19, 2007). Hearings are voluntary, and no adverse inference will be drawn by the Commission based on a respondent's decision not to request such a hearing. Any request for a hearing must be submitted along with your reply brief and must state with specificity why the hearing is being requested and what issues the respondent expects to address. The Commission will notify you within 30 days of your request for a hearing as to whether or not the request has been granted.

Should you have any questions, please contact Michael Columbo, the attorney assigned to this matter, at (202) 694-1341.

Sincerely,



Christopher Hughey
Acting General Counsel

Enclosure
Brief

12044311181

BEFORE THE FEDERAL ELECTION COMMISSION

2010 OCT 25 PM 4: 06

In the Matter of

Vernon G. Buchanan

Vern Buchanan for Congress and Joseph R. Gruters,
in his official capacity as treasurer

MUR 6054 CELA

GENERAL COUNSEL'S BRIEF

Table of Contents

I. STATEMENT OF THE CASE.....	2
A. Introduction	2
B. Respondents Knowingly and Willfully Received Reimbursed Contributions to VBFC in Violation of 2 U.S.C. § 441f	5
1. <i>Buchanan's Power to Reward or Remove His Minor Partners</i>	<i>7</i>
2. <i>Buchanan's Initial Fundraising and Instruction to Reimburse A Contribution Despite a Warning that Reimbursing Contributions Was Illegal</i>	<i>8</i>
3. <i>Buchanan Congressional Campaign Fundraising Challenges and Surge of Contributions from Buchanan Business Partners and Employees</i>	<i>9</i>
4. <i>Increasing Pressure on Buchanan Dealership Partners to Raise Contributions and Authorization to Reimburse Contributions</i>	<i>11</i>
5. <i>Reimbursed Contributions at SunCoast Ford</i>	<i>15</i>
6. <i>Buchanan's Direction to Sam Kazran to Reimburse Contributions to VBFC Using Hyundai of North Jacksonville Funds</i>	<i>16</i>
7. <i>2006 Reimbursements of HNJ Employee Contributions to VBFC</i>	<i>19</i>
8. <i>2007 HNJ Reimbursements of Contributions to VBFC</i>	<i>22</i>
9. <i>Total HNJ Contributions in the Names of Others</i>	<i>23</i>
10. <i>Kazran's Documented Requests in 2008 for Buchanan to Repay the HNJ Funds Used to Reimburse HNJ Employee Contributions Corroborate his Testimony that Buchanan Authorized the Reimbursements</i>	<i>23</i>
11. <i>Buchanan's Demand that Kazran Sign a False Affidavit About the Reimbursements and Kazran's Refusal To Do So</i>	<i>29</i>
C. Buchanan's Denials and Those of His Close Associates Are Not Credible	32

12044311182

12044311183

1	1.	<i>Inconsistencies Whether and How Often Buchanan Attended Partner Meetings and Whether Buchanan's Campaign Was Discussed at the Partner Meetings.....</i>	33
2	2.	<i>Inconsistencies Whether Buchanan Asked Kazran to Fundraise for VBFC.....</i>	34
3	3.	<i>Inconsistencies Whether Buchanan Knew How Much his Partners, Including Kazran, Had Raised for VBFC</i>	36
4	4.	<i>Inconsistencies Whether Partners, Including Kazran, Were Instructed Not to Reimburse Contributions.....</i>	38
5	5.	<i>Inconsistencies Regarding the Assertion that Kazran Threatened to Falsely Claim that Buchanan Authorized Him to Reimburse Contributions Unless Buchanan Paid him \$500,000</i>	41
6	6.	<i>Inconsistencies Regarding Buchanan's Discussions with Kazran About Reimbursements</i>	44
7	7.	<i>Inconsistencies About the False Affidavit.....</i>	46
8	D.	Respondents' Violations of 2 U.S.C. § 441f Were Knowing and Willful	47
9	E.	Respondents Knowingly and Willfully Received Excessive Contributions in Violation of 2 U.S.C. § 441a(f)	49
10	II.	CONCLUSION	51
11	I.	STATEMENT OF THE CASE	
12	A.	Introduction	
13		This matter concerns campaign contributions received by Vern Buchanan for Congress	
14		("VBFC" or "Committee") during the 2006 and 2008 election cycles that were reimbursed with	
15		the funds of car dealerships in which Representative Vernon Buchanan ("Buchanan") holds, or	
16		previously held, a majority ownership interest. This matter came before the Commission as a	
17		result of a complaint filed by Citizens for Responsibility and Ethics in Washington alleging that	
18		contributions to VBFC by employees at one Buchanan dealership, 1099 L.C. d/b/a Venice	
19		Nissan ("VN") had been reimbursed, and a <i>sua sponte</i> submission by VBFC disclosing that it	

1 had learned that contributions to VBFC by employees of another Buchanan dealership, 11-2001
2 LLC d/b/a Hyundai of North Jacksonville ("HNJ"), had also been reimbursed.¹

3 On March 17, 2010, the Commission found reason to believe that Rep. Vernon G.
4 Buchanan, Vern Buchanan for Congress, and Joseph Gruters, in his official capacity as treasurer,
5 knowingly and willfully violated 2 U.S.C. §§ 441f and 441a(f) based on information that
6 Buchanan instructed his operating partner at HNJ, Sam Kazran, to use HNJ funds to reimburse
7 contributions to VBFC and that Kazran did so through undisclosed reimbursements from HNJ to
8 the individual contributors. The evidence compiled in the course of the Commission's
9 investigation, comprising documents and sworn witness testimony, establishes that there is
10 probable cause to believe that respondents knowingly and willfully violated 2 U.S.C. §§ 441f
11 and 441a(f). The evidence included testimony that:

- 12 • As early as 2003, while he acted as a fundraiser but before his first congressional
13 candidacy, Buchanan authorized a business partner to use company funds to reimburse
14 the partner's federal contribution, despite being told by his companies' controller,
15 Salvatore Rosa, that it was illegal to do so;

¹ Although VBFC's submission was styled as a *sua sponte* submission, VBFC did not admit (and has not admitted since) that it knowingly received reimbursed contributions in violation of 2 U.S.C. § 441f or that it had otherwise violated any provision of the Act. Rather, it stated only that "relevant information" came to light during threatened commercial litigation between Buchanan and Sam Kazran, the person who operated HNJ. VBFC *Sua Sponte* at 1. "Specifically, Mr. Buchanan's representatives received information in September 2008 that contributions from certain HNJ employees and their family members were reimbursed by the business." *Id.* Kazran's testimony in a subsequent deposition implicated not only Buchanan but also himself. According to Buchanan, who testified on June 28, 2010, he and Kazran recently resumed negotiations over their business disputes. Buchanan Depo at 200-201. Buchanan testified that although he had not talked to Kazran in two years, his former Chief Operating Officer, Dennis Slater, volunteered to negotiate an agreement with Kazran for him. *Id.* at 200. Shortly before Buchanan testified, Slater presented Buchanan with an agreement signed by Kazran. *Id.* at 201. Buchanan did not read the agreement and forwarded it to his attorney. *Id.*

- 1 • Buchanan's political consultant advised him, and Buchanan informed his business
2 partners, that his congressional campaign would be judged based on his ability to raise
3 funds from individual contributors rather than his ability to self-finance his campaign;
- 4 • Buchanan pressured his minor partners in car dealerships he owned to contribute to his
5 political campaigns and to raise contributions to VBFC from their employees;
- 6 • At the Buchanan partners' meeting in 2005 in which Buchanan announced his candidacy
7 to his partners, his Chief Operating Officer, Dennis Slater, instructed Buchanan's partners
8 to reimburse employee contributions to VBFC if the employees could not afford to make
9 the contributions themselves;
- 10 • During his campaigns in the 2006 and 2008 election cycles, Buchanan told Sam Kazran,
11 his partner at HNJ, to reimburse contributions to VBFC with HNJ funds;
- 12 • SunCoast Ford ("SCF"), another Buchanan dealership, reimbursed employee
13 contributions to VBFC in March 2007 and, despite VBFC's knowledge of these
14 reimbursements, it did not disclose them to the Commission;
- 15 • In October 2008, Buchanan and the chief executive officer of his businesses, John Tosch,
16 pressured Kazran to sign a false affidavit stating that Buchanan was unaware of the
17 reimbursed contributions at HNJ; and
- 18 • Although VBFC disclosed to the Commission in October 2008 that HNJ employee
19 contributions to VBFC had been reimbursed by Kazran, VBFC did not disclose that
20 Buchanan authorized the reimbursements and, therefore, that VBFC (through Buchanan)
21 had knowingly received reimbursed contributions.

12044311185

1 Although Buchanan denied instructing Kazran to reimburse contributions or knowing that
2 Kazran had done so, his testimony and the testimony of his closest associates are not credible
3 because they are internally inconsistent, inconsistent with each other, inconsistent with the
4 testimony of Buchanan's former business partners and VBFC's campaign manager/treasurer, and
5 inconsistent with documents produced in response to the Commission's subpoenas. Therefore,
6 there is probable cause to believe that Vernon G. Buchanan, Vern Buchanan for Congress, and
7 Joseph Gruters, in his official capacity as treasurer, knowingly and willfully violated 2 U.S.C.
8 § 441f and 2 U.S.C. § 441a(f).

9 **B. Respondents Knowingly and Willfully Received Reimbursed Contributions**
10 **to VBFC in Violation of 2 U.S.C. § 441f**
11

12 The investigation of this matter reveals that Respondents Vernon G. Buchanan, Vern
13 Buchanan for Congress and Joseph Gruters, in his official capacity as treasurer, knowingly and
14 willfully received contributions in the name of another in violation of 2 U.S.C. § 441f.
15 Specifically, Buchanan, the majority partner in HNJ and, later, a person to whom Kazran was
16 heavily indebted, solicited Kazran to raise funds for VBFC and advised him to reimburse
17 contributions using HNJ funds starting in November of 2005.

18 The Act defines "contribution" as anything of value made by any person for the purpose
19 of influencing any election for federal office. 2 U.S.C. § 431(8)(A)(i). Under the Act, no person
20 shall make a contribution in the name of another person or knowingly permit his or her name to
21 be used to effect such a contribution. 2 U.S.C. § 441f; 11 C.F.R. § 110.4(b)(1)(i). This
22 prohibition further provides that no person shall knowingly help or assist any person in making a
23 contribution in the name of another. 11 C.F.R. § 110.4(b)(1)(iii). Contributions in the name of
24 another include giving money, all or part of which is provided to the contributor by another

12044311186

1 person (the true contributor) without disclosing the source of money to the recipient candidate or
2 committee at the time the contribution is made. 11 C.F.R. § 110.4(b)(2)(i). The Act also
3 prohibits any person from knowingly accepting a contribution made by one person in the name
4 of another person. 2 U.S.C. § 441f. In addition, any candidate who receives a contribution in
5 connection with a campaign shall be considered as having received the contribution as an agent
6 of his or her authorized committee. 2 U.S.C. § 432(e)(2).

7 As will be shown in the following subsections, Buchanan was the majority owner of car
8 dealerships operated by his minor partners and had the power to offer them greater business
9 opportunities or end their partnerships. While fundraising before his 2006 congressional
10 campaign, Buchanan authorized a business partner to reimburse a federal contribution despite
11 being told that doing so was illegal. When Buchanan launched his 2006 congressional
12 campaign, one of his top executives told his partners to reimburse contributions to VBFC, and
13 Buchanan personally asked Kazran to reimburse contributions to VBFC using HNJ funds.
14 Kazran reimbursed \$67,900 in contributions from 2005 through 2007 and expected Buchanan to
15 eventually repay HNJ for the dealership's funds used to reimburse the contributions. When
16 Buchanan and Kazran's business relationship was coming to an end in September 2008 and they
17 were attempting to resolve their obligations to one another, Kazran requested that Buchanan
18 repay HNJ for the reimbursements. In response, Buchanan demanded that Kazran sign an
19 affidavit that falsely claimed that Buchanan was unaware of HNJ's reimbursement of
20 contributions to VBFC.

12044311187

1 1. *Buchanan's Power to Reward or Remove His Minor Partners*

2 In 2004 and 2005, Buchanan had approximately 50 businesses and, at all relevant times,
3 was the majority owner of approximately fifteen to seventeen car dealerships, primarily located
4 in Florida. Buchanan Depo at 10-11; House of Representatives Financial Disclosure Reports for
5 Vernon Buchanan (May 11, 2006). Each car dealership was typically structured as a limited
6 liability company owned by a company that Buchanan fully owned and a business partner who
7 was responsible for the daily operation of the dealership. Slater Depo at 12-16.

8 All of the Buchanan companies that held Buchanan's controlling ownership share of the
9 dealerships were run from a single corporate office by a common set of managers. *Id.* at 12-15.
10 The common executives who managed Buchanan's controlling interest in the dealerships
11 included John Tosch as Chief Executive Officer and Dennis Slater as Corporate Controller and,
12 later, Chief Operating Officer. *Id.* at 7-8, 26. Tosch was responsible for the day-to-day
13 operation of Buchanan's business affairs, including working directly with Buchanan's partners.
14 Buchanan Depo at 19. Slater's duties included acting as a liaison between the operating partners
15 and Buchanan's central corporate office, as well as ensuring or enforcing proper operating
16 procedures, conducting performance reviews, and chairing the monthly partners' meetings.
17 Slater Depo at 9-10. According to Slater, who worked for Buchanan from approximately 2003
18 through November 2006, Buchanan, Tosch, and Slater met every Monday. Slater Depo at 7-8,
19 60.² Tosch and Slater met or spoke on a daily basis. *Id.* at 46. When Buchanan gave people

² Buchanan testified that he met with Tosch once per week, Buchanan Depo at 22-23, but, as for Slater, Buchanan testified that he only met with Slater occasionally because "it wasn't – you know, the way we were structured, John [Tosch] kind of worked with everybody day-to-day and kind of reported in to me." *Id.* at 24-25; *see also id.* at 52-53 (Slater reported to another manager, who reported to Tosch).

12044311188

1 instructions, he expected them to do what was necessary to carry them out and was not
2 concerned about the details. Tosch Depo at 147; *see also* Buchanan Depo at 13.

3 Buchanan had the ability to reward his partners by offering them a greater share of a
4 dealership or letting them buy another dealership. Buchanan Depo at 14-15. "[T]he people that
5 did a good job got more opportunities." *Id.* at 15. Some of the partners purchased their shares of
6 the dealership using bank loans if they were able, but in some cases "we would go behind them
7 and work out a deal with the bank that if they didn't pay it or if something happened, then we
8 would pick that up." *Id.* at 16. According to one former Buchanan partner, most of Buchanan's
9 partners never would have gotten a business of their own without Buchanan and they may have
10 felt obligated to him because "they were put in business by him." Silverio Depo at 52.
11 Buchanan could also choose to end his partnerships, and did so. Slater Depo at 20-21.

12 2. *Buchanan's Initial Fundraising and Instruction to Reimburse A*
13 *Contribution Despite a Warning that Reimbursing Contributions Was*
14 *Illegal*
15

16 Buchanan testified that he has been helping candidates who are "pro small business" for
17 20 years. Buchanan Depo at 30. In the early 2000's, Buchanan called Sal Rosa, Buchanan's
18 companies' controller, and instructed Rosa to help Don Jenkins, President of V.B. Investments,
19 receive a reimbursement for a political contribution Jenkins had made using the funds of V.B.
20 Investments, of which Buchanan owned 51%. Rosa Depo at 21. Rosa, a former treasurer of a
21 federal political committee, informed Buchanan that what he was asking Rosa to do was illegal,
22 but Buchanan replied, "Finesse it," and ended the conversation. *Id.* at 21-22. Rosa testified that,
23 based on his experience working with Buchanan, "finesse it" meant that Rosa had to make the
24 reimbursement happen and find a way to mask it in the dealership records. *Id.* at 21. Buchanan

12044311189

1 identified Jenkins as Kazran's predecessor as the operating partner at HNJ. Buchanan Depo at
2 84. According to Rosa, when he called Jenkins, Jenkins told Rosa that he had already "had it
3 handled." Rosa Depo at 22. When asked whether Rosa had ever advised him that reimbursing
4 campaign contributions was illegal, Buchanan testified that Rosa "might have said something in
5 passing" but that he did not remember Rosa saying anything. Buchanan Depo at 74.

6 3. *Buchanan Congressional Campaign Fundraising Challenges and Surge of*
7 *Contributions from Buchanan Business Partners and Employees*
8

9 On July 1, 2005, VBFC filed its Statement of Organization, and Buchanan filed his
10 Statement of Candidacy with the Commission. The primary election was not held until
11 September 5, 2006. Three pressures motivated Buchanan's fundraising appeals to his partners:
12 (1) the need to demonstrate that he could raise contributions from a number of people rather than
13 merely funding his campaign with his own money; (2) the need to meet quarterly fundraising
14 goals; and (3) the close fundraising competition between Buchanan and his rival in the 2006
15 primary.

16 According to Kazran, when a partner asked Buchanan why he did not use his own money
17 for his campaign, Buchanan explained that doing so would not look as impressive as if the
18 money were raised from others. Kazran Depo at 17-18, 43-44. Silverio also testified that
19 Buchanan told partners he could only put up a certain amount and the rest had to be raised.
20 Silverio Depo at 43. Kazran and Silverio's testimony are corroborated by the sworn testimony of
21 Joseph Gruters, Buchanan's political consultant, campaign manager, and the current VBFC
22 treasurer, who testified that he told Buchanan these things during his 2006 campaign, possibly as
23 early as 2005. Gruters Depo at 25-26.

12044311190

1 Kazran testified that Buchanan repeatedly asked for contributions, noting that "it's the
2 end of the quarter, we need to have money[.]" Kazran Depo at 8, 46. Kazran's description of
3 Buchanan's pressure to raise contributions to meet a quarterly goal is corroborated by the
4 testimony of Gruters, who was a consultant (until May of 2006) before he became a VBFC
5 political director/coordinator, and later became Buchanan's campaign manager (2007/2008) and
6 treasurer (2009). Gruters testified that the campaign's professional fundraisers were responsible
7 for initially setting the campaign's fundraising targets or goals, but then the goals would be
8 reviewed by the "campaign team," which included Buchanan. Gruters Depo at 53-54.
9 According to Gruters, "in terms of the fundraising for the campaign committee, we did
10 everything by quarters." *Id.* at 107. "You know, if we decided to say whatever our goal was, we
11 would ask whoever was helping us out with fundraising, what we would expect to raise this
12 quarter." *Id.*

13 Gruters explained that "you have certain expenses going out each quarter and you'd want
14 to make sure that you have enough revenue coming in to meet the various expenses." *Id.* at 115.
15 VBFC made projections based on the amount of fundraising expected by the end of a quarter to
16 help guide the campaign's expenditures. *Id.* at 115-116. "We did try to raise a certain amount
17 each quarter overall." *Id.* at 116. Buchanan also testified that he communicated with his
18 partners about fundraising targets, telling them "look, we're trying to raise money, here's the
19 objectives, you know." Buchanan Depo at 40.

20 Buchanan may also have been influenced by the closeness of the primary contest.
21 Buchanan and four other candidates, including Tramm Hudson, were competing in the
22 Republican primary election, which took place on September 5, 2006. Buchanan eventually won

12044311191

1 the primary with 32% of the vote, with his two closest rivals (Hudson and Nancy Detert) each
2 getting approximately 24% of the vote.

3 The first reporting period for VBFC was the period from July 1, 2005 through September
4 30, 2005. As of September 22, 2005, Buchanan had raised \$296,000, which was less than
5 Hudson. Jeremy Wallace, *Buchanan Workers Tell of Donation Pressure*, Sarasota Herald
6 Tribune, July 24, 2008, available at
7 <http://www.heraldtribune.com/article/20080724/ARTICLE/807240383>; *see also* VBFC 000902
8 (email from Joseph Gruters to Buchanan forwarding article). VBFC disclosed that in the final
9 week of September 2005, it received an additional \$290,000, of which over \$100,000 was
10 contributed by Buchanan employees and their family members. *Id.* This surge of support from
11 Buchanan employees coincides with the period of time in which, as discussed in greater detail
12 below, former Buchanan partner Steve Silverio testified that Buchanan informed his partners that
13 he was running for Congress and Buchanan's COO, Dennis Slater, suggested that Buchanan's
14 partners use company funds to reimburse employee contributions to VBFC. As discussed below
15 in section I.B.6, it is also shortly before Buchanan asked Kazran to raise contributions by using
16 HNJ funds to reimburse employees.

17 4. *Increasing Pressure on Buchanan Dealership Partners to Raise*
18 *Contributions and Authorization to Reimburse Contributions*
19

20 Buchanan personally informed his auto dealership partners at a partners' meeting in
21 August or September 2005 that he would be running for Congress. Silverio Depo at 26-27, 34.
22 He also solicited their contributions and asked for their help in raising money. Kazran Depo at
23 7-12, 14-15, 17; Silverio Depo at 34.

12044311192

1 Former Buchanan partner Steve Silverio testified that at the partners' meeting in August
2 or September 2005, Buchanan announced his candidacy to the partners, gave a short campaign
3 speech, and solicited contributions. Silverio Depo at 26-27, 32, 34-35, 37, 44-48. Buchanan
4 "thought it was a good idea to start with the contributions right here with all the partners that
5 knew him and somewhat he felt believed in him." *Id.* at 34. Buchanan told the partners they
6 could contribute up to \$8,400 per household. *Id.* at 37. Another person from the campaign that
7 Buchanan brought with him repeated what Buchanan said and explained it in more detail. *Id.* at
8 38-39. The partners were told that they would have time to think about making contributions
9 and that somebody would be calling to find out when they could pick up a check. *Id.* at 40.

10 When one partner asked whether they had to contribute the maximum amount, Buchanan
11 answered that they did not if they could not afford it, but "I would ask you to dig as deep as you
12 can and help me with this." Silverio Depo at 42. The partners were told that Buchanan could
13 fund his campaign up to a limited amount but the remainder needed to come from contributions.
14 *Id.* at 43. Buchanan and the campaign person specifically told the partners that they could solicit
15 contributions from dealership employees. *Id.* at 50.

16 At a lunch after the meeting, Silverio and other partners sat near John Tosch, the CEO of
17 Buchanan's businesses, and Dennis Slater, the COO of Buchanan's businesses. *Id.* at 44-46.
18 There was a discussion about asking dealership employees to contribute. *Id.* at 44-45. A lot of
19 partners felt "uncomfortable" with raising contributions. *Id.* at 46. One partner asked, "[I]f our
20 employees don't have the money, what are we going to do[?]" *Id.* at 44. According to Silverio,
21 Dennis Slater suggested that they reimburse the employees through payroll and said, "get your

12044311193

1 employees to donate 100, 200, \$50, whatever, and reimburse them back through payroll if you
2 had to." *Id.* at 44-46, 65.

3 Silverio, who testified that he "didn't know the rules or the laws on campaign
4 contributions and how you go about it," told Slater that he would not reimburse his employees'
5 contributions to VBFC because "it just doesn't seem right." *Id.* at 46-47. Slater responded that
6 Silverio did not have to reimburse contributions but it was "an alternative to where if it's tough
7 on your employees." *Id.* at 47. While Slater advised Buchanan's partners to reimburse their
8 employee's contributions to VBFC, John Tosch "just sat there." *Id.*

9 Former Buchanan partner David Long, Buchanan's partner and the general manager at
10 Sarasota Ford until around the time of Buchanan's election in 2006, also testified that Buchanan
11 discussed his campaign at the partner meetings, and Long "vaguely remember[ed]" that
12 Buchanan "talk[ed] about the money that needed to be raised and wanted to be raised or was
13 hopefully being raised," and that "he [Buchanan] needed to raise money." Long Depo at 57-58.
14 Steve Silverio, whose partnership with Buchanan ended in the Spring of 2006, testified that he
15 thought Buchanan attended over 90% (22 of 24) of the monthly partner meetings that were held
16 during his partnership. Silverio Depo at 17. Joseph Gruters, a political consultant for
17 Buchanan's 2006 campaign, the campaign manager for his 2008 campaign, and the current
18 treasurer of VBFC, also testified that he thought Buchanan met with his partners once every
19 month. Gruters Depo at 32. Gruters testified that Buchanan had him give campaign updates at
20 partner meetings once or twice, but otherwise Gruters never participated because Buchanan
21 "wanted to have a closed door with his partners." *Id.* Gruters testified that he gave the partners
22 one update "some time after May of '06, prior to the primary election, or maybe once during the

12044311194

1 primary and once during the general.” *Id.* at 51. Dennis Slater, as Buchanan’s corporate
2 controller and, later, COO from approximately 2003 through 2006, chaired the Buchanan partner
3 meetings, Slater Depo at 7-8, 10. Slater testified that although Buchanan’s campaign was not on
4 the “agenda” for the partner meetings, he was “sure” that Buchanan discussed his campaign’s
5 fundraising needs with his partners. *Id.* at 47-57.

6 According to Kazran, as time went along, Buchanan’s “intensity . . . with raising funds
7 gr[ew].” Kazran Depo at 10, 46. Kazran testified that Buchanan “always talked about how he
8 needed to raise 3 million, then it went to 4 million, then it went to 5 million when the campaign
9 got closer to the actual election date.” *Id.* at 18.³ It “got to a point where the partners were just
10 joking around, we would walk in a meeting and partners would talk about it, ‘Well, how much
11 did he hit you for? I’m not going to make any money this month so I won’t be able to provide
12 any money.’” *Id.* at 12-13, 46. “[Buchanan] would talk with me, tell me how much money I
13 needed to send and by when.” *Id.* at 24. Then someone from the campaign would make a follow
14 up call to ensure the check was on its way and, “if the check was an hour late, they would call
15 and apply serious pressure on sending that money.” *Id.* Kazran thought that the partners
16 considered their efforts for Buchanan’s campaign to be a favor for Buchanan at first, but “after a
17 while everybody was just kind of fed up with it.” *Id.* at 46-47.

18 David Long, Buchanan’s partner and the general manager at Sarawota Ford during the
19 2005-2006 election cycle, testified that he felt that it was “expected that I contribute . . . that’s

³ This testimony appears to be corroborated by VBFC’s disclosure reports that show Buchanan’s campaign raised approximately \$3 million by August 26, 2006 (the end of the pre-primary reporting period), \$3.8 million by September 30, 2006 (the end of the October quarterly reporting period), and \$5 million by October 18, 2006 (the end of the pre-general reporting period).

1 where I felt compelled I remember the overriding feeling was I've got to contribute." Long
2 Depo at 60. Although Long initially raised contributions for VBFC because he wanted to make
3 Buchanan proud, to show his appreciation, and because he wanted Buchanan's approval,
4 recognition, acceptance, and appreciation, he eventually became "resentful" about raising funds
5 for Buchanan because he thought his "time would be better appropriated selling cars." *Id.* at 60,
6 62-63, 94-95. "It became more of a pain" as Long put more time into it and started receiving
7 calls, letters, and visitors critical of Buchanan's politics from people indicating that they would
8 not buy cars at Sarasota Ford. *Id.* at 94-95. Long stated that when he agreed to be Buchanan's
9 partner, "being in politics was never part of our conversation." *Id.* at 92-93.

10 Steve Silverio, a former Buchanan partner, testified that Buchanan aggressively pressured
11 him to contribute. "Vern called me and said we're getting towards, close here, Steve, what have
12 you decided[?]" Silverio Depo at 48. When Silverio told Buchanan that he was still thinking
13 about making a contribution but did not know how much he would contribute, Buchanan
14 responded, "Steve, out of all my partners besides Kevin [Brotsky], you can certainly afford the
15 top amount, 8,400." *Id.* Silverio protested that Buchanan did not know his personal finances or
16 his future expenses and that it should be left to his own discretion. *Id.* After that, "He called me
17 again, called me again. He sent over a runner. I wrote the check." *Id.* According to the VBFC
18 October 2005 Quarterly disclosure report, Silverio contributed \$4,200 to VBFC on September
19 29, 2005.

20 5. *Reimbursed Contributions at SunCoast Ford*

21 In 2007, another Buchanan dealership, SunCoast Ford, reimbursed contributions to
22 VBFC made by its operating partner, Gary Scarbrough, and three employees. Each contributed

12044311196

1 \$4,600, for a total of \$18,400. According to a sworn affidavit submitted by Kenneth Lybarger,
2 who was the controller at SunCoast Ford at the time of the contributions, Scarbrough ordered
3 him to arrange the contributions and reimbursements in March of 2007, after Scarbrough
4 returned from a meeting. Lybarger Aff. at 1. Scarbrough testified in a deposition that he did not
5 remember what happened. Scarbrough Depo at 13-16; 33-34. Ed Schnidt, an auditor from
6 Buchanan's corporate office, discovered that SunCoast Ford reimbursed employees contributions
7 and then Buchanan and VBFC were notified. Buchanan Depo at 67; Lybarger Aff. at 1. On
8 June 18, 2007, VBFC refunded all of the reimbursed contributions. VBFC July 15, 2008
9 Quarterly Report. VBFC never notified the Commission that SCF had reimbursed these
10 contributions.

11 6. *Buchanan's Direction to Sam Kazran to Reimburse Contributions to*
12 *VBFC Using Hyundai of North Jacksonville Funds*
13

14 Kazran testified that in November 2005, Buchanan told him that he had to gather as much
15 money as possible and that "I'm going to put your name on \$50,000 that you've got to raise by
16 the end of the quarter." Kazran Depo at 11. Buchanan also told him to reimburse his
17 employees' contributions with HNJ funds: "And he specifically told me get someone you trust
18 and run it through the corporation." *Id.* at 21. Kazran explained that "run it through the
19 corporation" meant that Kazran should have employees write personal checks and then give
20 them back the money using dealership funds. *Id.* at 14, 37, 72. Kazran expected Buchanan to
21 pay those funds back to the dealership, *id.* at 22, and, as discussed below, asked Buchanan to
22 repay the HNJ reimbursement money in 2008.

23 Acting on Buchanan's instruction to reimburse employee contributions, Kazran arranged
24 for employees to contribute to VBFC and for their contributions to be reimbursed using HNJ

12044311197

1 funds. Kazran Depo at 21. In total, HNJ reimbursed \$16,800 in contributions in 2005, all dated
2 November 29, 2005. All of the employee contributions Kazran arranged in 2005 were
3 reimbursed using company funds. *Id.* at 27, 33, 53.

4 According to Kazran, Buchanan instructed him to make sure the personal checking
5 accounts on which the contributors' checks were written had both the husband and wife's name
6 on them. *Id.* at 22, 28. With regard to a reimbursed contribution to VBFC made in the name of
7 Vincent and Patricia Sams, Kazran testified, "That was one of the things that I was told you got
8 to make sure there's two people on the check to get the most amount." *Id.* at 28; *see also id.*
9 at 11 (Buchanan said that Kazran's own contribution could be approximately \$9,000 because
10 Kazran and his wife shared a checking account).⁴

11 Kazran's account is corroborated by Joshua Farid, Kazran's business partner and brother-
12 in-law. According to Farid, Kazran told him in 2005 that Buchanan told Kazran to raise funds
13 for VBFC by asking dealership employees to contribute to VBFC and then reimbursing those
14 contributions with HNJ funds. Farid Aff. at 1. Farid also described in a sworn affidavit a
15 conversation that he overheard between Kazran and Buchanan in 2005 that corroborates
16 Kazran's testimony. *Id.* According to Farid, Buchanan stated that he needed Kazran to raise
17 \$50,000 in contributions for his campaign for Congress. *Id.* Kazran told Buchanan that he had
18 already made the maximum allowable contribution to the campaign.⁵ *Id.* Buchanan then told

⁴ Buchanan testified that he told his partners about gathering contributions on joint checking accounts in order to maximize contributions. Buchanan Depo at 64. He also recalled "having to tell people" about the use of joint checking accounts for contributions. *Id.* at 97. Buchanan then testified that he did not tell his partners who were fundraising for him about the use of joint checking accounts. *Id.* at 98.

⁵ According to VBFC disclosure reports, Kazran (also identified as Sam Khazrawan) contributed \$4,200 to VBFC on July 25, 2005.

12044311198

1 Kazran to have his employees contribute to the campaign and reimburse them for their
2 contributions with HNJ funds.⁶ *Id.* at 1.

3 Kazran acted on Buchanan's instruction to reimburse contributions, and other witnesses
4 corroborated Kazran's testimony through their accounts of Kazran's actions. Kazran testified
5 that after Buchanan told him to reimburse HNJ employee contributions, he contacted his office
6 manager, Diana Smith, and his controller, Gail Lephart, and instructed them to write personal
7 checks to VBFC and then to reimburse themselves. Kazran Depo at 21. As controller, Lephart
8 is the dealership executive who could issue checks. *Id.* at 21. The first time Kazran told Lephart
9 to use dealership checks to reimburse contributions, he told her that they would be getting money
10 back from Buchanan. *Id.* at 22. "I said, ['I don't know when, he just asked me to do it.[']" *Id.*
11 at 22. According to Kazran, HNJ gave employees the reimbursements at the same time as their
12 contributions because they did not have enough money in their accounts to cover the
13 contributions. *Id.* at 27-28.

14 Lephart also stated in an affidavit that just before she made a contribution to VBFC on
15 November 29, 2005, Kazran walked into her office talking on his cell phone. Lephart Aff. at 1.
16 Lephart recalled Kazran stating something close to "Vern, I'll handle it now," and Lephart

17 assumed he was talking to Buchanan. *Id.* According to Lephart, Kazran told Lephart
18 immediately after ending the call that he needed her to make a contribution to VBFC. *Id.*
19 Lephart stated that Kazran also specified the amount she needed to contribute, using a personal
20 check. *Id.* Kazran also said that she should reimburse herself for the full amount of the
21 contribution using HNJ funds. *Id.* Further, Kazran asked Lephart to find other HNJ employees

⁶ Farid and his wife contributed \$8,400 to VBFC on March 31, 2006, according to VBFC disclosure reports.

1 to make similar contributions and to reimburse those contributions, as well as her own, through
2 the HNJ payroll account. *Id.* Lephart stated that she created entries in the HNJ payroll account
3 listing the reimbursements as salary payments, which included income tax withholding. *Id.*
4 Kazran testified that he told Lephart that they would be getting the money back from Buchanan.
5 Kazran Depo at 22. Kazran told her, "I don't know when, he just asked me to do it." *Id.*

6 Lephart contributed in her own name and her husband's name. Lephart Aff. at 1.
7 Lephart also recalled creating the reimbursement check for Diana Smith. *Id.* According to
8 VBFC's disclosure reports, Gayle and Ernest Lephart contributed a total of \$8,400 on November
9 29, 2005, and Diana and Gary Smith also contributed a total of \$8,400 on November 29, 2005.
10 During the investigation, we obtained copies of the HNJ checks that Lephart used to reimburse
11 her and Smith's contributions. *See* Tosch Depo Docs 000026-27.⁷

12 Kazran instructed Lephart to send the contributions by overnight delivery to Diane
13 Mitchell. Lephart Aff. at 1. Mitchell is the assistant to John Tosch, the CEO of Buchanan's
14 companies. *Tosch Depo* at 10.

15 **7. 2006 Reimbursements of HNJ Employee Contributions to VBFC**

16 HNJ reimbursed a total of \$32,700 in contributions to VBFC in 2006, comprising
17
18 contributions made in the name of four couples in January, March, and June of 2006. Kazran
19 used HNJ funds to reimburse contributions totaling \$7,500 made in the names of Vincent Sams
20 and his wife in January 2006, and contributions totaling \$8,400 made in the names of Joshua

⁷ Lephart contributed in her own name and her husband's name. According to VBFC's disclosure reports, Gayle and Ernest Lephart contributed a total of \$8,400 on November 29, 2005, and Diana and Gary Smith also contributed a total of \$8,400 on November 29, 2005. During the investigation, we obtained copies of the HNJ checks that Lephart used to reimburse her and Smith's contributions. *See* Tosch Depo Docs 000026-27.

1 Farid and his wife on March 31, 2006. Kazran Depo at 22, 27-28; VBFC April 2006 Quarterly
2 Report.

3 Kazran also testified that there was a connection between the \$16,800 in contributions
4 made by HNJ employees Joseph Cutaia and Eric Khazravan and their spouses on June 28, 2006,
5 and a business transaction Kazran was negotiating with Buchanan at that time. Kazran Depo at
6 34-36; *see also* Tosch Depo Docs 000024-25 (reimbursement checks signed by Lephart and
7 made payable to Joseph Cutaia and Eric Khazravan for the contributions made in their names
8 and those of their wives). Dodge had awarded a new dealership to Kazran at a location called
9 Gwinnett Place, but under his partnership agreement, Buchanan had the right of first refusal.
10 Kazran Depo at 53. According to Kazran, Buchanan used that right to force Kazran to give
11 Buchanan 51% ownership in Gwinnett Dodge. *Id.* When Kazran later offered to purchase
12 Buchanan's share of Gwinnett Dodge, Buchanan told Kazran that he would have to pay
13 \$1,000,000 to Buchanan. *Id.* Kazran wanted to pay a lower amount, and he wanted to pay in
14 installments because he did not have the money. *Id.* at 13, 35. In exchange for agreeing to allow
15 Kazran to purchase Buchanan's share in installments, Buchanan wanted Kazran to commit
16 money to VBFC. *Id.* at 53. Buchanan told Kazran to raise \$25,000 or \$50,000 (Kazran could
17 not remember which) by the end of that week, which was June 30, 2006. Kazran Depo at 35; *see*
18 *also id.* at 13. According to Kazran, when he explained that he did not have the money
19 Buchanan wanted, Buchanan again told him to use a trusted employee to run the contributions
20 through the corporation. *Id.* at 36; *see also id.* at 13. According to the VBFC *sua sponte*
21 submission, two HNJ employees (Joseph Cutaia and Eric Khazravan) and their spouses each

12044311201

1 contributed \$4,200 to VBFC on June 28, 2006, for a total of \$16,800, contributions that HNJ
2 reimbursed. *Sua Sponte* Submission at 1-2.

3 In his affidavit, Joshua Farid largely corroborated Kazran's account of this discussion
4 with Buchanan about Gwinnett Dodge. Farid stated that he witnessed a conversation between
5 Kazran and Buchanan regarding political contributions to Buchanan's congressional campaign
6 and ongoing negotiations between Buchanan and Kazran regarding \$300,000 that Kazran needed
7 to pay Buchanan for a Dodge dealership. Farid Aff. at 1. Farid stated that he heard Buchanan
8 tell Kazran that he would agree to Kazran paying by installment rather than in one lump sum,
9 but as a concession, Kazran would have to get more funds for Buchanan's campaign. *Id.* Farid
10 stated that based on his conversation with Kazran, he understood that Buchanan wanted Kazran
11 to again solicit employees to contribute to his campaign and reimburse them for their
12 contributions using company funds. *Id.*

13 Kazran's testimony about the June 2006 reimbursements and the relationship between
14 those reimbursements and his negotiations with Buchanan regarding the Gwinnett Dodge
15 dealership is credible for several reasons. Kazran testified that his discussion with Buchanan
16 about Gwinnett Place and the related contribution reimbursements took place on the last Tuesday
17 in June of 2006. Kazran Depo at 35. The last Tuesday in June 2006, when Buchanan solicited
18 Kazran to raise and reimburse contributions, was June 27, 2006. Kazran's account is
19 corroborated by a disclosure report that Buchanan filed with the House of Representatives that
20 indicates that Kazran and Buchanan concluded their agreement for Kazran to purchase
21 Buchanan's share of Gwinnett, L.L.C. on June 26, 2006. See Vern Buchanan House of
22 Representatives Financial Disclosure Reports dated May 14, 2007. Kazran also testified that

12044311202

1 Buchanan's need for contributions coincided with the end of a time period on Friday, June 30,
2 2006, that had some significance to his campaign, although Kazran did not understand exactly to
3 what Buchanan was referring. Kazran Depo at 35; *see also id.* at 13. Friday, June 30, 2006, was
4 significant because it was the close of the reporting period for the July 2006 Quarterly Report to
5 the Commission. Additionally, Gruters testified that VBFC had quarterly fundraising targets to
6 meet to ensure that there was enough revenue to meet VBFC's expenditures. Gruters Depo at
7 107, 115.

8 8. *2007 HNJ Reimbursements of Contributions to VBFC*

9 HNJ funds were again used to reimburse contributions in 2007, totaling \$18,400.
10 According to Kazran, Buchanan always told Kazran that he was counting on him as the only
11 person who could "raise this kind of money." Kazran Depo at 53.

12 According to Gayle Lephart, Sam Kazran approached her again in 2007 and explained
13 that employees needed to contribute to VBFC and be reimbursed through the company. Lephart
14 Aff. at 1. Lephart told Kazran that she was upset about company funds being used to reimburse
15 contributions, but he only responded with a shrug. *Id.* Kazran corroborated Lephart's statement,
16 testifying that he recalled that there came a time in 2007 or 2008, when HNJ "was not doing very
17 good," when Lephart "was not very happy about us writing those large amount of checks" to
18 reimburse contributions to VBFC. *See* Kazran Depo at 22.

19 On December 31, 2007, Lephart and Joseph Cutaia made contributions to VBFC, using
20 checks with their spouses' names on them, in the amount of \$9,200 on each check, and Stephanie
21 Champ made a contribution to VBFC in the amount of \$4,600. HNJ reimbursed these
22 contributions. *See* VBFC Sua Sponte.

12044311203

1 9. *Total HNJ Contributions in the Names of Others*

2
3 VBFC disclosed in its *sua sponte* that it was aware of \$52,000 in reimbursed
4 contributions from HNJ employees. VBFC *Sua Sponte* at 2. In our investigation, we located a
5 total of \$67,900 in reimbursed contributions to VBFC using HNJ funds: \$16,800 in 2005,
6 \$32,700 in 2006, and \$18,400 in 2007.⁸ This \$67,900 figure is based on Kazran's testimony
7 about the reimbursed contributions, which corresponds closely with Kazran's estimate in an
8 email that he sent to John Tosch on October 5, 2008, in which Kazran estimated that the amount
9 of reimbursed contributions, minus unspecified credit card contributions, was \$70,000. *See*
10 Email from Sam Kazran to John Tosch, Buchanan's corporate CEO, dated October 5, 2008, at
11 Tosch Depo Doc 000056.

12 10. *Kazran's Documented Requests in 2008 for Buchanan to Repay the HNJ*
13 *Funds Used to Reimburse HNJ Employee Contributions Corroborate his*
14 *Testimony that Buchanan Authorized the Reimbursements*
15

16 A series of emails sent by Kazran and Farid to Buchanan and Tosch in August,
17 September, and October 2008 corroborates Kazran's testimony that at the time Buchanan was
18 directing him to reimburse contributions using the funds of the business they owned together,
19 Kazran expected Buchanan to repay those funds. During August – October 2008, HNJ was
20 having financial difficulties, the partnership between Buchanan and Kazran was coming to an
21 end, and Kazran asked Buchanan to pay back several hundred thousand dollars that Buchanan
22 had withdrawn from HNJ, as well as the HNJ funds used to reimburse employee contributions to
23 VBFC. Kazran Depo at 62-63. Kazran testified that he believed that Buchanan had withdrawn a

⁸ The contributions to VBFC that HNJ reimbursed that were not included in VBFC's *sua sponte* are the contributions of Joshua Farid and his wife, made on March 31, 2006, totaling \$8,400, as well as contributions of Vincent Sams and his wife, made on January 2, 2006, totaling \$7,500.

12044311204

1 total of \$800,000 to \$900,000 from HNJ without his knowledge. *Id.* at 54-55. Kazran explained
2 that at this point he did not want to be partners with Buchanan any further and wanted Buchanan
3 to buy Kazran's share of a Kia dealership that the two of them owned. *Id.* at 55. Consistent with
4 Kazran's testimony, the emails show that Kazran wanted Buchanan to repay the amount of the
5 company funds used to reimburse employee contributions to VBFC. According to Buchanan and
6 Tosch, Kazran was threatening to disclose the reimbursements in an effort to gain an additional
7 \$500,000 from Buchanan. *See* Tosch Depo at 66-87, 90-91; Buchanan Depo at 164-168.

8 a. August 26, 2008 Email from Kazran to Buchanan

9
10 On August 26, 2008, Kazran wrote in an email to Buchanan: "I have always gone the
11 extra mile for our partnership. I'm the only one in our group that has donated over 80k to
12 campaign." Tosch Depo Docs 000058-59. As noted in Section I.B.9, the investigation in this
13 matter identified \$67,900 in reimbursed contribution checks to VBFC. In his August 26, 2006,
14 email, Kazran appears to be trying to establish how hard he has worked for Buchanan and
15 continues to express a desire for an amicable and speedy end to their partnership:

16 I value my relationship with you and I look forward to extending our friendship. At this
17 time I am certain we have reached the end of our partnership, it is my great hope to be
18 able to have a [*sic*] amicable, clean and speedy exit strategy.

19
20 Tosch Depo Docs 000058.

21 The email is consistent with Kazran seeking repayment from Buchanan of the amount
22 HNJ spent on the reimbursements based on a prior understanding that Buchanan knew about the
23 reimbursements and would repay the dealership for its funds used to assist his campaign.
24 Furthermore, in his deposition, Kazran referred to this email and noted that the \$80,000 total did
25 not include a credit card contribution he made. Kazran Depo at 47. He also distinguished the

12044311205

1 reimbursed contributions, which he expected Buchanan to repay, from his own contribution to
2 VBFC, which he did not reimburse and which he did not expect Buchanan to repay. *Id.* at 49.

3 b. August 27, 2008 Email from Farid to Tosch
4

5 In an email addressed to Tosch from Joshua Farid, Kazran's business partner and brother-
6 in-law, Farid criticized Buchanan's actions in the business dispute, and reproached Buchanan for
7 not helping him and Kazran financially after they had helped Buchanan, at Buchanan's request,
8 by contributing \$80,000 in dealership funds to Buchanan's campaign. *See* Tosch Depo Docs
9 000001; *see also* Farid Aff. at Exhibit 1. "We have not only paid huge sums of money to Mr.
10 Buchanan for the Hyundai dealership but when Mr. Buchanan asked Sam for contribution [*sic*]
11 to his political campaign this dealership supported Mr. Buchanan's political campaign to a tune
12 of \$80k, some thing that I was opposed to." *Id.*

13 Farid's characterization of the contributions to VBFC as donation from HNJ is consistent
14 with Buchanan requesting Kazran to reimburse contributions to VBFC with dealership funds;
15 otherwise Kazran's reimbursement of HNJ employee contributions would not create a reciprocal
16 obligation for Buchanan to help Kazran in his time of need. In his affidavit, Farid averred that he
17 sent this email because he was upset with Kazran "being taken advantage of by Mr. Buchanan in
18 a number of ways, which included the expectation that Mr. Kazran use funds from our company
19 to reimburse employees for their contributions to Vern Buchanan for Congress." Farid Aff.
20 at 1-2.

21

12044311206

c. September 8, 2008 Email from Kazran to Tosch

On September 8, 2008, Kazran sent an email to Tosch, to which he attached copies of \$52,000 in contribution checks to VBFC and the negotiated HNJ checks issued to reimburse those contributions. See Tosch Depo Docs 000018-38. In the email, Kazran wrote:

this is the 1st set of checks, there are more to follow, It gives me great regret to have done this for Vern when he doesn't even hesitates [sic] for a second to sue me and my wife over 20k . . Maybe he can consider taking part of this 80k+ as one month of payment so my wife doesn't ery out of fear of losing [sic] our home. I thank Vera for giving me permissinn to set aside my moral character . . .

Tosch Depo Doc 000028. Tosch alleged in his deposition that Kazran believed, and could not be convinced otherwise, that Buchanan took funds out of the "store," that is, the HNJ dealership. Tosch Depo at 68-69. According to Tosch, Kazran sent this email the same day or the day after Buchanan's attorneys sent Kazran a demand letter seeking \$2.5 million, *id.* at 71. Tosch testified that Kazran also called him and told him that if Buchanan sued him and his wife, he would disclose that Buchanan told him to reimburse employees "and here are the checks." *Id.* In any event, Kazran appears to have been attempting to demonstrate the amount of the reimbursements at HNJ, consistent with his testimony that Buchanan authorized the use of HNJ funds to reimburse HNJ employees' contributions to VBFC. After luarning of this email and Kazran's statement to Tosch, Buchanan decided to sue Kazran. *Id.* at 72.

d. October 1, 2008 Kazran Email

Kazran sent another email that also supports that the conclusion that Buchanan was aware of the fact that the reimbursed contributions were part of the negotiations to settle his business dispute with Kazran, and that Buchanan was involved in those negotiations. On October 1, 2008, Kazran wrote to an attorney representing Buchanan in the business matter about the

12044311207

1 possible terms of an agreement with Buchanan. *See* Email from Sam Kazran to Roger Gannam
2 dated October 1, 2008 at Tosch Depo Docs 000048-49. In this email, Kazran wrote:

3 Vern had mentioned he would want to reimburse the stores a bill that he and I
4 spoke of, the total amount is \$83,500, He has copies of 52k, if he likes I can get
5 the rest or he can verify through his record. This was at his request.
6

7 *See id.* at Tosch Depo Docs 000049. This portion of an otherwise straightforward email about
8 the necessary financing and collateral for an agreement between Buchanan and Kazran appears
9 to refer to discussions directly between Buchanan and Kazran, and Buchanan's proposed
10 repayment of HNJ for the contributions to VBFC that Sam Kazran reimbursed using HNJ funds.
11 The "52k" figure quoted above matches the \$52,000 figure stated by VBFC in its *sua sponte* as
12 the total amount of contributions to VBFC reimbursed by HNJ, and corresponds to the amount of
13 the checks Kazran forwarded to Tosch with his September 8, 2008 email. *See VBFC Sua Sponte*
14 at 2.

15 e. October 5, 2008 Email from Kazran to Tosch
16

17 On October 5, 2008, Sam Kazran emailed John Tosch again and made further references
18 to discussions he was having directly with Buchanan about Buchanan's repayment of the
19 reimbursed contributions. Kazran wrote, among other things:

20 Vern and I will talk about the last part without attornies[sic], I think I have a
21 suggestion that will make him happy . . . He wants to cut a check for all the
22 amount, I have about 70k tracked down the rest are credit cards, if he wants to
23 verify, I have to call the campaign manager to ask her for details, if you can
24 have someone do that I would app[re]ciate it.
25

12044311208

1 *Id.* at Tosch Depo Docs 000056. The email also includes language showing that Kazran did not
2 want to hurt Buchanan politically and that Kazran was reacting to Tosch making a public
3 statement insinuating that Kazran's allegations were politically motivated.⁹

4 f. Buchanan's Voicemails Corroborate Kazran's Emails
5

6 In Kazran's emails to Tosch, summarized above, Kazran indicated that he and Buchanan
7 had private discussions that included the issue of the reimbursements. Voice messages that
8 Buchanan left for Kazran during this period of negotiations corroborate Kazran's emails:

9 Sam, Vern. Sorry I didn't get your message, but, Sam, Mike Lindell [an attorney
10 for Buchanan] told me the other day that you're going to sue us or threatening to
11 sue us . . . I trust that you -- that everything is going to be great. And the bottom
12 line, I understand people have problems, have challenges but, you know, this
13 should be something we should be able to work out. We're willing to save what
14 we got and work with you. But I think the threatening of the political stuff and all
15 that, you got more liability than you know if you start telling people that you
16 reimbursed people, because technically you have that liability. All I told you, and
17 I've always made it clear is that you can't reimburse people. They've got to give it
18 on their free will. You know that. So, and we're up 18 points, we're going to win
19 the election anyway. But the bottom line is I think I've been your best friend, best
20 asset. I heard the other day too that the banks were not shipping cars to Kia, and
21 so that rumor is out there. And again, we're just trying to protect our interest and
22 do what's right for us and ideally for you. And I think that it would be a good
23 idea if we tried to figure out how to work together. . . . I think it's important that
24 we sit down and work together and work this out. Give me a buzz. Thanks.

⁹ Kazran expressed to Tosch his surprise at reports about Tosch's public statement that Buchanan's opponent in the 2006 and 2008 general elections, Christie Jennings, had motivated Kazran to file a lawsuit against Buchanan and was meeting with Kazran to discuss Buchanan. See Email from Sam Kazran to John Tosch dated October 5, 2008 at Tosch Depo Docs 000052. Kazran asked to see Tosch's statement, stated that he had discussed being contacted by an attorney and CREW but not Jennings, and stated a preference for staying out of "political media." *Id.* "I am sure they are going to use anything I say against Vern and I do not want to get involved." *Id.* Kazran suggested that he and Tosch call or write Jennings together to say that "Vern and I have a good relationship and that we simply have a dispute[.]" *Id.* The Tosch statement that Kazran inquired about in his October 5, 2008, email is an affidavit signed by Tosch several weeks earlier, on September 17, 2008. See VBFC 001242. An article based in part on that affidavit was published in the Bradenton Herald on Friday, September 26, 2008. See VBFC 001217. Kazran later proposed a public statement denying any interactions with the Jennings campaign, noting his business disputes with Buchanan, and referencing an affidavit "pertaining to campaign contributions" that he was asked to sign. See Sam Kazran Email to John Tosch, October 19, 2008, at Tosch Depo Docs 000052-55. There is no indication that Kazran ever publicly issued such a statement.

1
2 Kazran Depo at 79-82. Buchanan appears to have left this voicemail for Kazran after Buchanan
3 sent his demand letter to Kazran on September 7 or 8, 2008, but before Kazran sued Buchanan
4 on September 25, 2008. In a second voice mail, Buchanan said:

5 Sam, it's Vern. I'm just calling to see how you made out with the bankers and the
6 lawyers after I didn't hear anything. Again, I hope that we can work something
7 out. I do believe there's a restructure that makes sense for everybody. That's the
8 best path to take. Again, I've done that before in these situations. If you decide to
9 go the other way, I hope that, you know, we talk about paying back and that gets
10 off on a lot of tangents because that will only make it worse for everybody. And,
11 you know, I don't see how that helps you long-term. But again, I hope we can
12 restructure it, and it will preserve your reputation there in Jacksonville. You don't
13 want to go through two years of litigation. (Inaudible) So, you know, just make
14 sure you get good advice, people that don't have an ax to grind, and you get good
15 lawyers. Anybody that's got any sense, any lawyer is going to tell you get a
16 restructuring done, get this recapitalized. Like I said, if I can find a way to help
17 secure this, I'm willing to work with you. But again, we get down the road and
18 things start to get, you know, personal and nasty, then I'm out. So give me a
19 holler. I'm still hoping we can get something done. Give me a buzz when you get
20 this. Bye-bye.

21
22 *Id.* at 83-84.¹⁰

23 11. *Buchanan's Demand that Kazran Sign a False Affidavit About the*
24 *Reimbursements and Kazran's Refusal To Do So*
25

26 On October 1, 2008, Buchanan's attorney, Roger Gannam, sent Kazran a term sheet
27 signed by Buchanan and Tosch that proposed an outline of an agreement to resolve all of their
28 existing claims. *See* Letter from Roger K. Gannam to Sam Kazran dated October 1, 2008 at 1;
29 *see also* Tosch Depo Docs at 000062-65 (unsigned draft of same). Kazran signed this term
30 sheet. *Id.* Also on October 1, 2008, as discussed above in section I.B.10.d, Kazran sent Gannam

¹⁰ On October 20, 2010, counsel for Buchanan and VBFC provided to the Office of the General Counsel two documents that counsel said had been provided to them the day before by Kazran. One document, dated October 18, 2010, is a letter from Kazran addressed to "Mark," and the other document is styled as a court Complaint dated October 20, 2010, by Kazran against Buchanan and VBFC. Both documents contain descriptions of the activity in this matter that are consistent with Kazran's testimony and his communications during 2008.

1 an email at 6:33 p.m. in which he indicated that Buchanan wanted to repay HNJ for the funds
2 used to reimburse contributions to VBFC. The following day, Gannam sent Kazran a revised
3 term sheet, also signed by Buchanan and Tosch. Letter from Roger K. Gannam to Sam Kazran
4 dated October 2, 2008 ("Buchanan October 2, 2008 Term Sheet") at Tosch Depo
5 Docs 000066-72.

6 The Buchanan October 2, 2008 Term Sheet contains the same terms as the October 1,
7 2008 version but added one new requirement. Paragraph 12 in the Buchanan October 2, 2008
8 Term Sheet required Kazran to sign an affidavit attached to the agreement. See October 2, 2008
9 Term Sheet at 4; Kazran Depo at 57, 59-60. Exhibit A of the Buchanan October 2, 2008 Term
10 Sheet, titled "Affidavit of Sam Kazran a/k/a Sam Khazrwan," included the statements:

11 4. During the course of tense and somewhat hostile negotiations between my lawyers
12 and me, and representatives for Buchanan, I advised a representative of Buchanan that
13 one or more of the dealerships of which I was in operational control had reimbursed
14 certain individuals who had contributed to the Buchanan for Congress campaign.
15

16 5. Before September, 2008, neither I nor to my knowledge, any other person who had
17 ever advised Buchanan or any of his representatives had any information that one or both
18 of the dealerships referred to in 1 above [HNJ] reimbursed certain individuals for
19 contributions made to the Vernon G. Buchanan for Congress campaign.
20

21 ...
22

23 7. No one has advised me that Buchanan or any representative of his knew of any
24 intention, plan or arrangement by anyone to make a reimbursement, directly or indirectly,
25 to a person in exchange for making a contribution to the Buchanan for Congress
26 campaign.
27

28 Buchanan October 2, 2008 Term Sheet, Exhibit A, at 2.

29 According to Kazran, "right after he [Buchanan] signed the contract," Buchanan asked
30 him to come down to the Sarasota Ford dealership, and once Kazran arrived, Buchanan stated, "I
31 need a favor. I need you to sign this affidavit." Kazran Depo at 60-61. Buchanan explained that

12044311211

1 his attorney prepared the affidavit. *Id.* at 60. "He mentioned that there's so much heat and
2 lawsuits going on [*sic*] that he did not want any more of this." *Id.* at 61. Kazran testified that he
3 was initially excited to save the company but when he read the affidavit, he became
4 "uncomfortable." *Id.* at 61. Kazran testified:

5 A. . . . But this affidavit basically wanted me to say that Vern had no idea about
6 this and that I'm the one who did all of it, which is absolutely incorrect.
7

8 Q. When you say "about this," what are you referring to?
9

10 A. The campaign contributions. He wanted me to say that Vern had nothing to
11 do with campaign contributions.
12

13 *Id.* at 60. Kazran testified that the statements in the affidavit that Buchanan did not know about
14 the reimbursements were incorrect and "an absolute lie." *Id.* at 70-72. According to Kazran,
15 Buchanan "made it a condition afterwards and he did – if I did not sign the affidavit, to blame
16 everything on me, then there would be no agreement and contract to purchase out the dealership
17 and give me back the money." *Id.* at 63.

18 Kazran testified that the agreement would have saved his company and almost 500
19 employees working there. Kazran Depo at 57. However, Kazran testified that his attorney
20 advised him not to sign the affidavit, although Kazran stated that he "was so desperate to save
21 [his] company that [he] probably would have signed it had it not been [for his] wife and [his]
22 attorney." *Id.* at 60-62, 85-86. In fact, the same day that Buchanan's attorney sent the offer to
23 Kazran, Kazran's attorney responded that there was "no chance" that he would advise Kazran to
24 sign an affidavit that had "nothing to do with the business transaction at issue" and which was
25 "factually inaccurate in many material respects." *See* Email dated October 2, 2008 from Steven
26 Hutton to Roger Gannam and Jim Post, at Tosch Depo Docs at 000097. Tosch corroborated

12044311212

1 Kazran's testimony, testifying that he understood that Kazran's attorney advised Kazran not to
2 sign the affidavit. Tosch Depo at 94.

3 According to Kazran, after he declined to sign the affidavit, Buchanan said they would
4 discuss it and then began talking about how he was going to be governor "and I shouldn't be this
5 -- I don't want him to be against me but on my side." Kazran Depo at 62. The following day,
6 Tosch told Kazran that he was frustrated with him because Kazran would not sign the affidavit
7 and told Kazran that he had five minutes to sign it or the deal was off. *Id.* at 62. Kazran
8 summarized this episode in an email the following day, October 4, 2008. In this email, Kazran
9 wrote to Tosch and Buchanan's attorneys that he felt "very uncomfortable" signing "this
10 document with respect to campaign contribution," [sic] and did not understand why it had to be
11 part of their settlement. See Email from Kazran to Tosch and Buchanan's Attorneys dated
12 October 4, 2008. At the time, Kazran believed he only had days left to conclude a deal with
13 Buchanan: "I must have this done before Monday [October 6] meeting." *Id.* Consistent with
14 his deposition testimony, Kazran wrote that Tosch had confronted him the day before
15 (October 3, 2008) and threatened that he only had ten minutes to sign the affidavit or else the
16 deal was off. *Id.*

17 **C. Buchanan's Denials and Those of His Close Associates Are Not Credible**

18
19 Buchanan denied directing Sam Kazran to reimburse contributions or knowing that
20 Kazran had done so, Buchanan Depo at 110, but his denial is not credible. Even as of the date of
21 his deposition in this matter (June 28, 2010), Buchanan testified that he did not "know for sure"
22 that Kazran had reimbursed any contributions, "[had] no knowledge that he did," and knew only
23 that Kazran "might have" reimbursed contributions. Buchanan Depo at 101, 110. Indeed, as

12044311213

1 discussed below, Buchanan testified that he was not certain whether he had even asked Kazran to
2 raise funds for VBFC, and did not know how much money Kazran had raised. Further, as will
3 be shown below, Buchanan's testimony was internally inconsistent and inconsistent with the
4 other testimonial and documentary evidence in several key respects, which undermines the
5 credibility of his testimony.

6 *1. Inconsistencies Whether and How Often Buchanan Attended Partner*
7 *Meetings and Whether Buchanan's Campaign Was Discussed at the*
8 *Partner Meetings*
9

10 As discussed above in section I.B.4, witnesses, including VBFC campaign
11 manager/treasurer Joseph Gruters and former Buchanan partner Steve Silverio, testified that
12 Buchanan discussed his campaign with his partners at the monthly partner meetings, which
13 Buchanan regularly attended. Buchanan and his top deputies, Tosch and Slater, contradicted one
14 another as to whether Buchanan attended partner meetings during his campaign and whether his
15 campaign was discussed at those meetings. Buchanan testified that at partner meetings during
16 his campaign, he generally spent approximately 3-5 minutes talking about the campaign, in
17 response to questions. Buchanan Depo at 51, 114. However, Buchanan minimized the extent to
18 which he attended the monthly partner meetings during his campaigns, testifying that he attended
19 only three to five partner meetings per year from 2005 to 2008. Buchanan Depo at 26. Tosch,
20 on the other hand, testified that Buchanan attended no monthly partner meetings after 2004 and
21 never discussed his campaign or fundraising at any partner meetings. Tosch Depo at 28. Slater,
22 who was the first of the three to testify, testified that Buchanan never discussed his campaign or
23 fundraising at the partner meetings. Slater Depo at 47-57.

12044311214

1 The inconsistent testimony of Buchanan, Tosch, and Slater is contradicted by the
2 testimony of former Buchanan partner Steve Silverio, and the testimony of Joseph Gruters,
3 Buchanan's consultant, campaign manager, and, later, VBFC treasurer. Silverio testified that he
4 thought Buchanan attended 95% of the monthly partner meetings that were held during his
5 partnership, which ended in the Spring of 2006. Silverio Depo at 17. Gruters testified that
6 Buchanan met with his partners once every month, Gruters Depo at 32, and that Buchanan had
7 him give campaign updates at partner meetings once or twice after May 2006, but only once or
8 twice because Buchanan "wanted to have a closed door with his partners." *Id.* at 32, 51.

9 2. *Inconsistencies Whether Buchanan Asked Kazran to Fundraise for VBFC*

10 As discussed above in section I.B.6, Kazran testified that several times, from 2005 to
11 2007, Buchanan asked him to raise funds for VBFC. However, during his deposition, Buchanan
12 testified that he could not remember "one way or the other" whether he ever asked Kazran to
13 fundraise for VBFC. Buchanan Depo at 89. Despite his uncertainty as to whether he asked
14 Kazran to fundraise, Buchanan also testified that he was the primary person who would ask his
15 partners to raise funds. *Id.* at 39. Buchanan testified that he would "get a sense of what I
16 thought maybe they could do" and "ask them, you know, could you help me raise ten or five with
17 friends or whatever[.]" *Id.* at 40-41. He would "just try to tell them here's what we need to do, I
18 need your help, if you can help me, it would be great[.]" *Id.* at 40. Buchanan testified that if a
19 partner raised money initially, then "we" would ask them to make or raise more contributions.
20 *Id.* at 58. Gruters, the VBFC consultant, campaign manager, and treasurer, testified that
21 Buchanan asked the partners for contributions and "once they committed [to] a certain number,
22 like any campaign, you'd follow-up with those people and try to get them to see if they're going

12044311215

1 to be able to make their commitment.” Gruters Depo at 38-39. “And he’d be on the phone in
2 cars as we’re heading to and from events and he would call and be following up with people to
3 see how progress was coming along.” *Id.* at 38. Gruters’ testimony is corroborated by a
4 document titled “Vern’s Pledge Call List,” that VBFC produced in unredacted form on August
5 25, 2010, that records Kazran’s pledge to raise \$20,000 for VBFC alongside his phone number.
6 *See* VBFC 000608. VBFC also produced a document on October 15, 2010, indicating that, as
7 late as the second quarter of 2008, Buchanan expected Kazran to raise \$50,000 for VBFC and
8 that Buchanan would follow up with Kazran. *See* VBFC 002231-002232.

9 Despite not remembering whether he asked Kazran to fundraise, Buchanan was certain
10 that he told Kazran not to reimburse contributions, testifying that, “I am sure I made it clear to
11 him that you can’t reimburse contributions,” Buchanan Depo at 93, and, in fact, Buchanan
12 testified that he was sufficiently concerned that Kazran, specifically, might not understand “the
13 FEC rules,” that Buchanan was “double clear” with Kazran about not reimbursing contributions.
14 *Id.* When asked when he would have “made it clear” to Kazran, Buchanan testified that he did
15 not know but he was “sure any time I would ask him, because he would ask me what the rules
16 are, so I wanted to make sure he understood that.” *Id.* at 93-94 (emphasis added). In another
17 variation, Buchanan testified that he was confident he told Kazran he could not reimburse
18 contributions if Kazran “would have brought it up.” *Id.* at 110. Buchanan’s testimony about
19 instructing Kazran not to reimburse contributions and his testimony that he did not remember
20 whether he ever asked Kazran to raise funds is inconsistent with the evidence.

21

22

12044311216

1 3. *Inconsistencies Whether Buchanan Knew How Much his Partners,*
2 *Including Kazran, Had Raised for VBFC*
3

4 As discussed above in section I.B.4 and I.B.6, former Buchanan partners testified that
5 Buchanan asked them to contribute to, and raise funds for, VBFC before certain deadlines, and
6 that Buchanan would contact them again to ensure the contributions were made on time. In
7 contrast, Buchanan testified that he did not report an individual partner's fundraising goal back
8 to the campaign, the campaign did not track partner fundraising goals, Buchanan Depo at 41, and
9 that he could not "imagine saying anything" to his campaign about what his partners agreed to
10 raise. *Id.* at 56. Further, Buchanan testified, "I don't know what anybody has raised." *Id.* at
11 110. However, Buchanan's testimony is contradicted by the records produced by VBFC and the
12 sworn testimony of Gruters, who served Buchanan as a consultant, campaign manager, and the
13 VBFC treasurer.

14 Gruters testified in detail about the campaign's tracking of the partners' fundraising
15 commitments, Buchanan's role in obtaining those commitments from his partners and reporting
16 their commitments back to the campaign, and Buchanan's efforts to contact the partners to
17 encourage them to meet their commitments. Gruters testified that in the 2008 campaign, there
18 were lists of people, including Buchann's partners, and the lists showed the amounts that they
19 had committed to raise or what they had raised so far, and "calls would be going to see how their
20 fundraising was doing." Gruters Depo at 42-43, 97, 109. Buchanan himself would follow up
21 with partners to see how they were progressing with their fundraising and learn if they were
22 going to meet their commitments. *Id.* at 38-39, 42, 109-111. Gruters personally witnessed
23 Buchanan making calls to his partners in which he discussed their commitments. *Id.* at 51-52.

12044311217

1 Gruters testified that the VBFC fundraising tracking lists would signify "who said who
2 was going to raise what amount of money . . . it was probably emailed to the campaign team as a
3 result of the fundraising meeting that was coming up." Gruters Depo at 98. At the campaign's
4 weekly or monthly fundraising conference calls, Buchanan would state what pledges he obtained
5 and someone, typically one of the campaign's professional fundraisers, would record them on the
6 list. *Id.* at 110. Yvonne Buchanan, Buchanan's sister-in-law and a campaign staffer, also
7 maintained a list of contributors, *id.* at 97, and Celena Thibodeaux, Buchanan's executive
8 assistant and later, a fundraiser for the campaign, also kept a list for Buchanan. *Id.* at 111.
9 Gruters testified that VBFC maintained a list of people who committed to raising certain
10 amounts of contributions and what they had raised so far. *Id.* at 97. Gruters testified that people
11 fundraising for Buchanan liked to give the contributions they raised directly to Buchanan or his
12 fundraiser "so they can get credit." *Id.* at 40.

13 Buchanan's testimony that he was not aware of how much his partners had raised is
14 further refuted by documents that VBFC produced in response to the Commission's subpoena
15 that appear to list individual partner contributions, their fundraising commitments, and the funds
16 they had raised. For example, VBFC produced documents indicating Kazran's individual
17 contributions, *see* VBFC 000361, documents indicating Kazran's "commitment" to raise an
18 "additional \$40,000," *see* VBFC 000473, and documents that may indicate the amount of
19 contributions raised by Kazran. *See* VBFC 000363.

20 We note that one of these documents, VBFC 000361, is an email from Yvonne Buchanan
21 at VBFC that lists \$58,300 in contributions from various individuals received by VBFC on
22 September 27, 2007, including \$9,200 from Sam Kazran and his wife. VBFC first produced the

12044311218

1 email on June 25, 2010, but redacted the recipient email addresses, including Buchanan's, as
2 "non-responsive." After questioning VBFC's counsel about the redactions during the deposition
3 of Joseph Gruters on June 25, 2010, the Office of the General Counsel sent a letter to counsel on
4 July 28, 2010, requesting production of unredacted versions of all documents that it previously
5 produced. On August 25, 2010, VBFC produced the email in unredacted form, revealing that
6 Yvonne Buchanan sent the email to Buchanan. Accordingly, the redacted document's
7 significance was not apparent at the time of Buchanan's deposition on June 28, 2010. In
8 response to our request for an explanation for this redaction, counsel for VBFC said that the
9 redaction was a "mistake."

10 Gruters' testimony and the VBFC records undermine the reliability of Buchanan's
11 testimony and corroborate Kazran's testimony. *See* Kazran Depo at 24 (Buchanan would "tell
12 me how much money I needed to send and by when"); *id.* at 11 (Buchanan said, "I'm going to
13 put your name on \$50,000 that you've got to raise by the end of the quarter."); *id.* at 35 (On a
14 Tuesday, Buchanan told Kazran he needed him to raise \$25,000 or \$50,000 by that Friday); *see*
15 *also* VBFC 002231-00232 (2008 second quarter fundraising chart includes a \$50,000 entry for
16 Kazran with the notation that Buchanan would call Kazran). Buchanan could not have followed
17 up with partners who were not raising as much as expected, Buchanan Depo at 42, unless he had
18 knowledge of or a record indicating how much partners had pledged and raised.

19 4. *Inconsistencies Whether Partners, Including Kazran, Were Instructed Not*
20 *to Reimburse Contributions*
21

22 As discussed above in sections I.B.4 and I.B.6, Buchanan and his COO, Dennis Slater,
23 instructed partners to reimburse contributions to VBFC. Former Buchanan partner Steve
24 Silverio testified that he didn't know campaign finance law but thought that reimbursing

12044311219

1 contributions "just doesn't seem right," Silverio Depo at 46-47, and Kazran testified that he did
2 not know that what Buchanan instructed him to do was illegal and that if Buchanan had told him
3 it was illegal he would not have gotten involved. Kazran Depo at 87-88. Although Buchanan
4 testified that his business partners were warned not to reimburse contributions, his testimony was
5 internally inconsistent, contradicted by the former VBFC treasurer, and not supported by the
6 documents produced by VBFC. Buchanan testified that he was "sure" that his campaign sent
7 "letters and different things" to his business partners to let them know that they could not
8 reimburse contributions because most of them had never been involved in campaigns. Buchanan
9 Depo at 34. However, he became less certain about the letters when asked when they had been
10 sent:

11 I mean, I don't really know. I say letters. I believe there was [sic] some letters
12 sent out, you know, I might be wrong, but I thought we had sent some stuff in
13 terms of making sure that they were aware that you can't reimburse people.
14

15 *Id.* Buchanan also testified that he thought that partners who were fundraising were sent
16 letters thanking them and reminding them not to reimburse contributions. *Id.* at 58-59.

17 Joseph Gruters, VBFC campaign manager and its current treasurer, testified that it
18 was his "guess" that VBFC "probably" sent information to all of Buchanan's partners to
19 let them know what they could and could not do soon after VBFC refunded the
20 reimbursed contributions at SunCoast Ford, which was in June of 2007. Gruters Depo
21 at 70. Nevertheless, on July 9, 2010, the VBFC treasurer at the time of the reimbursed
22 contributions, Nancy Watkins, stated during an interview, in which she was represented
23 by counsel for VBFC, that she was unaware of any materials being prepared for
24 Buchanan's partners that advised them about campaign finance law. VBFC has not

12044311220

1 produced any documents supporting Buchanan's contention that his campaign distributed
2 a warning against reimbursing contributions or any other campaign finance law guidance
3 to his business partners. Furthermore, in its October 15, 2010, document production,
4 VBFC produced an internal email string indicating that in June of 2008, one year after it
5 refunded the SunCoast Ford contributions, it had searched for, but was unable to locate,
6 any letters to partners instructing them about "fundraising policy." See VBFC 001197.

7 Buchanan also testified that he "told partners numerous times they can't
8 reimburse." Buchanan Depo at 34. Buchanan testified that he "probably" told them
9 about the prohibition against reimbursing contributions soon after he launched his
10 campaign "because I was always trying to make them aware that you can't reimburse
11 people." *Id.* at 35. Regarding his warning his partners not to reimburse, "if I said it once
12 I said it 50 times to various partners, various individuals, you know, that type of them
13 [*sic*]." *Id.* at 36.

14 However, Buchanan again equivocated about whether his partners had been
15 instructed and suggested that perhaps somebody else at the campaign talked to his
16 business partners about reimbursements or perhaps the partners themselves would call the
17 campaign to ask the campaign for guidance about reimbursements: "But I would like to
18 think that our campaign people talked to them or they would call the campaign people,
19 but I'd make sure that, you know, we want to do a good job raising money." *Id.* at 36.

20 Buchanan also suggested that his guidance to his partners about reimbursements
21 was in response to questions from individual partners: "Some of them will mention can I
22 write it out of this account or can I do this or, you know, periodically." *Id.* at 35.

12044311221

1 “[S]omeone would ask me a question, what about this[?]” *Id.* at 36. Buchanan would tell
2 them “I just want to remind you you can’t reimburse, it’s got to be personal money up to
3 whatever it was, 4,200 times two or if they had a spouse.” *Id.* at 36. Buchanan testified
4 that “the big thing was on the reimbursement.” *Id.* However, Buchanan almost
5 immediately reversed himself, testifying that he did not remember anybody asking him a
6 question about using an account or reimbursing contributions, “I don’t remember
7 anybody asking me about that.” *Id.*

8 In yet another variation, Buchanan testified that he warned his partners against
9 reimbursing contributions as part of a presentation he made about multiple rules,
10 including the contribution limits, and the prohibition against corporate funds. *Id.* at 64-
11 65. When the partners violated these rules, “our people have to go back and go get it
12 cleaned up.” *Id.* at 65.

13 Because of the numerous inconsistencies in Buchanan’s testimony about warning
14 his partners not to reimburse contributions, his testimony on this issue is not credible.

15 5. *Inconsistencies Regarding the Assertion that Kazran Threatened to*
16 *Falsely Claim that Buchanan Authorized Him to Reimburse*
17 *Contributions Unless Buchanan Paid him \$500,000*
18

19 As discussed above in section I.B.6 and I.B.10, Kazran sent a series of emails to Tosch
20 indicating that he expected Buchanan to repay HNJ the amount of HNJ funds that Kazran used,
21 at Buchanan’s direction, to reimburse contributions to VBFC. Kazran forwarded copies of some
22 of the contribution and reimbursement checks to Tosch, and Kazran indicated that VBFC had
23 records of the additional contribution amounts to establish the amount that Buchanan should
24 repay to HNJ. According to Buchanan and Tosch, during discussions about the business dispute

12044311222

1 between Buchanan and Kazran, Kazran said to Tosch that he would disclose publicly that
2 Buchanan told him to reimburse contributions unless Buchanan paid him an additional \$500,000.
3 Tosch Depo at 66, 87; Buchanan Depo at 90-91. This testimony is contradicted by the
4 documents connected with those discussions that respondents and witnesses produced in
5 response to the Commission's subpoenas. Those documents demonstrate that in September and
6 October 2008, Kazran was attempting to prove the amount of the reimbursements so that
7 Buchanan could repay that amount, not a higher amount. See Kazran Email to Roger Gannam
8 dated October 1, 2008 at Tosch Depo Docs 000048; Email from Kazran to Tosch dated October
9 5, 2008 at Tosch Depo Docs 000052-55. For example, in Kazran's email dated October 1, 2008,
10 he referred to the reimbursed contributions as "a bill" that he and Buchanan had discussed:

11 Vern had mentioned he would want to reimburse the stores a bill that he and I
12 spoke of, the total amount is \$83,500. He has copies of 52k, if he likes I can get
13 the rest or he can verify through his record. This was at his request.
14

15 See Kazran Email to Roger Gannam dated October 1, 2008 at Tosch Depo Docs 000048-51.

16 And, on October 5, 2008, Kazran emailed John Tosch and referred discreetly to discussions he
17 was having directly with Buchanan about Buchanan's repayment of the reimbursed
18 contributions, indicating that they were keeping the details of those discussions from their
19 attorneys. Kazran wrote:

20 Vern and I will talk about the last part without attorney[sic], I think I have a
21 suggestion that will make him happy . . . He wants to cut a check for all the
22 amount, I have about 70k tracked down the rest are credit cards, if he wants to
23 verify, I have to call the campaign manager to ask her for details, if you can
24 have someone do that I would appreciate it.
25

26 *Id.* at Tosch Depo Docs 000053. These contemporaneous communications, in which Kazran is
27 trying to confidentially establish the amount of HNJ's contributions to VBFC that Buchanan

12044311223

1 should repay, undermine Buchanan and Tosch's assertions that Kazran was demanding an
2 additional \$500,000 in relation to the reimbursed contributions.

3 Although Tosch averred in an affidavit that he signed on September 17, 2008, that during
4 a phone call on September 9, 2008, Kazran said that Buchanan had "declared war" by suing
5 Kazran, and that Kazran intended to meet with Christine Jennings, Buchanan's Democratic
6 opponent, to "listen to what they have to say," *see* VBFC 001242, Kazran never met with
7 Jennings. In fact, Kazran expressed in his October 5, 2008, email his surprise at Tosch for
8 issuing the affidavit, in which Tosch also alleged that Jennings motivated Kazran to file his
9 lawsuit against Buchanan. Kazran attempted to correct Tosch and stated, "I am sure they are
10 going to use anything I say against Vern and I do not want to get involved." Email from Kazran
11 to Tosch dated October 5, 2008 at Tosch Depo Docs 000052-55. Further, Kazran suggested that
12 he and Tosch call or write Jennings together to say that "Vern and I have a good relationship and
13 that we simply have a dispute[.]" *Id.* at Tosch Depo Docs 000052.

14 Despite Kazran's email demonstrating that he was attempting to resolve the repayment of
15 the reimbursements confidentially and that he did not want to "get involved" in the election or
16 say anything that Jennings could use against Buchanan, Buchanan testified that he decided to file
17 the VBFC *sua sponte* because Kazran was going to report the reimbursements to the
18 Commission and was turning it into a "big issue." Buchanan Depo at 165. VBFC's *sua sponte*,
19 accusing Kazran of reimbursing contributions to VBFC with no acceptance of responsibility by
20 Buchanan or VBFC, was dated October 6, the day after Kazran's email offering to work with
21 Tosch to inform Jennings about the dispute between Kazran and Buchanan in order to keep their
22 dispute out of the campaign.

12044311224

6. *Inconsistencies Regarding Buchanan's Discussions with Kazran About Reimbursements*

As discussed above in section I.B.10 and I.B.11, Kazran and Buchanan talked directly with one another about the reimbursed contributions, and Kazran's emails to Tosch at the time refer to his discussions with Buchanan. When asked whether Buchanan remembered having any conversations with Kazran about reimbursing money to Kazran's stores, Buchanan testified both that he did not, and that "It could have come up in one conversation, I don't know." Buchanan Depo at 154. Despite Buchanan's testimony earlier in his deposition that he did not "know for sure" that Kazran reimbursed contributions, that "[i]t was just brought up that he might have," that Kazran never told him that he reimbursed contributions, *id.* at 101, 110, and Buchanan's uncertainty about whether he discussed the affidavit with Kazran, *id.* at 171-172, Buchanan also testified that he and Kazran "might have" discussed the reimbursed contributions. *Id.* at 154. There is evidence that Buchanan and Kazran were in fact discussing the reimbursements with one another, as Kazran noted in his emails to Tosch. In a voice message that Buchanan left for Kazran during this period of negotiations, apparently after Buchanan sent his demand letter to Kazran on September 7 or 8, 2008, but before Kazran sued Buchanan on September 25, 2005, Buchanan stated, among other things:

. . . But I think the threatening of the political stuff and all that, you got more liability than you know if you start telling people that you reimbursed people, because technically you have that liability. All I told you, and I've always made it clear is that you can't reimburse people. They've got to give it on their free will. You know that. So, and we're up 18 points, we're going to win the election anyway . . . And again, we're just trying to protect our interest and do what's right for us and ideally for you. And I think that it would be a good idea if we tried to figure out how to work together. . . . I think it's important that we sit down and work together and work this out. Give me a buzz. Thanks.

12044311225

1 Kazran Depo at 79-82. The message demonstrates, contrary to Buchanan's testimony, that
2 Buchanan was speaking with Kazran directly during the business negotiations about the
3 reimbursements, as Kazran noted in his emails to Tosch. If, as it appears, Buchanan and Kazran
4 were directly discussing the reimbursed contributions, Buchanan's testimony that Kazran only
5 disclosed the reimbursements to Tosch, Buchanan Depo at 89-92, is questionable.

6 Although Tosch had previously testified that Kazran's phone call and subsequent email
7 on September 8, 2008, were the only two communications Kazran and Tosch ever had about the
8 reimbursements and that they "never talked about it" afterwards, Tosch Depo at 75, 87-88,
9 Tosch later testified that he indeed talked and corresponded with Kazran about the affidavit,
10 which was sent to Kazran on October 2, 2008. *Id.* at 108-114.

11 Buchanan's testimony about his email usage was also unclear. On the one hand,
12 Buchanan acknowledged that the email address to which Kazran sent the August 26, 2008, email
13 referring to his donation of \$80,000 to VBFC was one of Buchanan's email accounts but
14 testified that he had never seen it and that "it would go to my assistant or somebody else[.]"
15 Buchanan Depo at 141-2. Buchanan could not identify the assistant who would have been
16 monitoring that account, but one possibility was "Diane" [Mitchell]. *Id.* Mitchell is also
17 Tosch's assistant, and it was John Tosch who produced Kasran's August 26, 2008, email to
18 Buchanan to us. On the other hand, Buchanan also testified that he does receive emails and, if
19 they are about something that Tosch is negotiating, he forwards them to Tosch with his
20 comments. *Id.* "Usually if I get an email or something that John's negotiating, I give it to John
21 so John takes care of this with Sam or whatever, maybe make a few quotes or give you
22 comments." *Id.*

12044311226

1 7. *Inconsistencies About the False Affidavit*
2

3 As discussed above in section I.B.11, on October 2, 2008, Buchanan's attorney
4 transmitted a letter to Kazran that Buchanan and Tosch signed that proposed a set of terms for an
5 agreement that included a demand that Kazran sign an affidavit, attached to the letter, averring
6 that Buchanan did not know about the reimbursements. *See* Letter from Roger Gannam to Sam
7 Kazran dated October 2, 2008 at Tosch Depo Docs 000066-72. Tosch testified that Kazran
8 would not sign the affidavit because Kazran's attorney advised Kazran that doing so would
9 violate the law, Tosch Depo at 94; 113, and Kazran testified that his wife and his attorney
10 advised him not to sign the affidavit. Kazran Depo at 60-62. The record evidence includes an
11 October 2, 2008, email from Kazran's attorney to Tosch and Buchanan's attorneys stating that
12 there was "no chance" he would advise Kazran to sign the affidavit because it had nothing to do
13 with the business transactions at issue and was "factually inaccurate in many material respects."
14 *See* Tosch Depo Docs 000207. Kazran testified that he would not sign the false affidavit.
15 Kazran Depo at 60-62.

16 Regarding this key element of the case, Buchanan testified to having almost nothing to do
17 with it, and remembering little about it. Buchanan testified that he did not remember signing the
18 letter conditioning their agreement on Kazran signing the affidavit (and to which the affidavit
19 was attached), but he acknowledged that one of the signatures on it appeared to be his and
20 another appeared to be Tosch's. Buchanan Depo at 164. Buchanan testified that it was not his
21 idea to have Kazran sign the affidavit, that he "wasn't involved" in the decision to ask Kazran to
22 sign the affidavit, that he didn't know who prepared the affidavit, that he had no part in drafting
23 the affidavit, that he had never seen the affidavit before his deposition, and never discussed it

12044311227

1 with Tosch. *Id.* at 164, 166-167. Buchanan also testified that he was not involved in the
2 negotiating process and “didn’t know what the lawyers or [Tosch] decided” to do about Kazran.
3 *Id.* at 166. Buchanan testified that he could not remember whether Tosch told Kazran that, if he
4 did not sign the affidavit, the deal would not go through and that Kazran had only a limited time
5 to decide whether or not to sign the affidavit. *Id.* at 173. Buchanan also denied knowing
6 whether or not Kazran ever signed the affidavit. *Id.*

7 As for the reasons for the affidavit, Buchanan testified that this affidavit was created
8 because, according to Tosch, Kazran was attempting to use the reimbursement of contributions
9 from HNJ employees as “leverage” in their negotiations. *Id.* at 165-168. Buchanan testified that
10 Kazran communicated to Tosch his desire for more money based on the reimbursements, but “he
11 didn’t communicate it to me.” *Id.* at 168. Tosch testified, however, that the affidavit was drafted
12 and added to the proposed settlement terms on October 2, 2008, because of a conversation
13 between Kazran and Buchanan that occurred on or about October 1. Tosch Depo at 111.
14 Buchanan also conceded that he may have spoken to Kazran about the affidavit. Buchanan Depo
15 at 171-172.

16 Buchanan’s lack of recall about the affidavit, or the events surrounding it, as well as the
17 inconsistencies between his testimony and Tosch’s, undermine Buchanan’s credibility on this
18 issue.

19 **D. Respondents’ Violations of 2 U.S.C. § 441f Were Knowing and Willful**

20 As demonstrated above, there is probable cause to believe that Buchanan, VBFC, and
21 Gruters, in his official capacity as treasurer, violated the Act by receiving contributions in the
22 names of others. Further, their violations were knowing and willful. The phrase “knowing and
23

12044311228

1 willful” indicates that “acts were committed with a knowledge of all the relevant facts and a
2 recognition that the action is prohibited by law....” H.R. Rpt. 94-917 at 3-4 (Mar. 17, 1976)
3 (reprinted in Legislative History of Federal Election Campaign Act Amendments of 1976 at 803-
4 04 (Aug. 1977)); *see also National Right to Work Comm. v. FEC*, 716 F.2d 1401, 1403 (D.C.
5 Cir. 1983) (citing *AFL-CIO v. FEC*, 628 F.2d 97, 98, 101 (D.C. Cir. 1980) for the proposition
6 that “knowing and willful” means “‘defiance’ or ‘knowing, conscious, and deliberate flaunting’
7 [sic] of the Act”); *United States v. Hopkins*, 916 F.2d 207, 214-15 (5th Cir. 1990). The *Hopkins*
8 court also held that taking steps to disguise the source of funds used in illegal activities might
9 reasonably be explained as a “motivation to evade lawful obligations.” *Hopkins*, 916 F.2d at
10 213-14 (citing *Ingram v. United States*, 360 U.S. 672, 679 (1959)) (internal quotations omitted).

11 The evidence supporting the conclusion that Buchanan and, therefore, VBFC, knew that
12 reimbursing federal contributions violated the law includes evidence that Buchanan, who had
13 raised money for candidates for years, testified that he has known about the prohibition on
14 reimbursing contributions “all along.” Buchanan Depo at 30 and 62.¹¹ The investigation
15 produced evidence that “all along” meant at least since the early 2000’s. Salvatore Rosa’s sworn
16 deposition testimony established that (a) Rosa had heard that there were coerced political
17 contributions at Sarasota Ford in 2000-2001 and that employees’ political contributions were
18 reimbursed through additions to their paychecks; (b) in the early 2000’s, Buchanan called Rosa
19 and instructed him to help Don Jenkins, President of V.B. Investments, receive a reimbursement

¹¹ Buchanan testified that at the beginning of his 2006 campaign, VBFC treasurer Nancy Watkins held a number of meetings to go through “the rules.” *Id.* at 62-63. However, during our interview of Watkins on July 9, 2010, Watkins stated that she did not instruct Buchanan or his partners about campaign finance rules generally or, specifically, about the prohibition against reimbursing contributions. Watkins was represented and accompanied by counsel for VBFC during the interview.

1 for a political contribution he had made using the funds of V.B. Investments, of which Buchanan
2 owned 51%;¹² and (c) Rosa informed Buchanan that what he was asking Rosa to do was illegal
3 but Buchanan replied, "Finesse it," and ended the conversation. Rosa Depo at 21-22. It thus
4 appears that Buchanan knew before the reimbursements at issue in this matter, which started in
5 November 2005 and continued through December 2007, that it was illegal to reimburse federal
6 contributions using his company funds.

7 Furthermore, the knowing and willful nature of the violation is established by
8 Buchanan's efforts to conceal the reimbursements. The transactions at issue concealed the fact
9 that Buchanan was supporting VBFC with the funds of companies that he controlled and also to
10 make it appear, through the record of contributions to VBFC published in the Commission's
11 disclosure database, as though Buchanan had a greater number of supporters. Additionally,
12 Buchanan attempted to have Kazran sign a false affidavit indicating that Buchanan was unaware
13 of the reimbursements at the time they were made.

14 **E. Respondents Knowingly and Willfully Received Excessive Contributions in**
15 **Violation of 2 U.S.C. § 441a(f)**
16

17 The \$67,900 in contributions that Kazran reimbursed using HNJ funds also constituted an
18 excessive contribution from HNJ to VBFC and, due to Buchanan's authorization of the
19 reimbursements, Buchanan, VBFC and Gruters, in his official capacity as treasurer, knowingly
20 and willfully received excessive contributions in violation of 2 U.S.C. § 441a(f) because the

¹² According to Rosa, when he called Jenkins, Jenkins told Rosa that he had already reimbursed himself. Rosa Depo at 22. Buchanan denied discussing the reimbursement of Jenkins' contributions with either Jenkins or Rosa, and denied having any reason to think that Jenkins reimbursed his contribution. Buchanan Depo at 72-74.

1 \$67,900 total of contributions reimbursed by HNJ exceeded the maximum allowable
2 contributions from HNJ, a partnership, to VBFC in the 2006 and 2008 election cycles.

3 The individual contribution limit for giving to candidate committees was \$2,100 per
4 election in the 2006 election cycle and \$2,300 per election in the 2008 election cycle.

5 Accordingly, a person who reimbursed contributions totaling more than these amounts would
6 also have made an excessive contribution in violation of 2 U.S.C. § 441a(a). The statute
7 provides that no person shall knowingly accept contributions in violation of 2 U.S.C. § 441a(a).
8 2 U.S.C. § 441a(f).

9 11-2001 LLC d/b/a Hyundai of North Jacksonville is an LLC taxed as a partnership and
10 may make contributions subject to the Act's limitations. See 11 C.F.R. §§ 110.1(e) and
11 110.1(g)(2); HNJ Response to Commission Subpoena and Order. Because HNJ, acting through
12 Kazran, reimbursed \$67,900 of contributions by HNJ employees to VBFC, \$49,500 of which
13 were contributed and reimbursed in the 2006 cycle and \$18,400 of which were contributed and
14 reimbursed in the 2008 cycle, HNJ exceeded the 2006 and 2008 election cycle contribution
15 limits. Based on the circumstances described above, including Buchanan's desire to minimize
16 the appearance that he was funding his own campaign and to create the appearance of a greater
17 number of individual contributors, his knowledge that reimbursing federal contributions was
18 illegal, his direction to Kazran to use HNJ funds to reimburse contributions to VBFC, and his
19 attempt to have Kazran sign a false affidavit stating that Buchanan was unaware of the
20 reimbursements, Buchanan, and therefore VBFC and Gruters, in his official capacity as treasurer,
21 knowingly and willfully received HNJ's excessive contributions in violation of 2 U.S.C.
22 § 441a(f).

12044311231

1 **II. CONCLUSION**

2
3 Based on the foregoing, this Office is prepared to recommend that the Commission find
4 probable cause to believe that Vernon G. Buchanan, Vern Buchanan for Congress, and Joseph
5 Gruters, in his official capacity as treasurer, knowingly and willfully violated 2 U.S.C. § 441f by
6 knowingly and willfully receiving contributions in the name of another, and 2 U.S.C. § 441a(f)
7 by knowingly and willfully receiving contributions to VBFC from HNJ totaling more than
8 \$2,100 per election in the 2006 election cycle and more than \$2,300 per election in the 2008
9 election cycle.

10
11 10-21-2010
12 Date

13 Christopher Hughey
14 Christopher Hughey
15 Acting General Counsel

16 Stephen A. Gura
17 Stephen A. Gura
18 Deputy Associate General Counsel for Enforcement

19 Mark Allen
20 Mark Allen
21 Assistant General Counsel

22 Jack Gould
23 Jack Gould
24 Attorney

25 Michael A. Columbo by MA
26 Michael A. Columbo
27 Attorney

12044311232